

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 148

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

Introduced: 4/4/97

Referred: Health, Education and Social Services, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the public school funding program; relating to the definition
2 of a school district, to the transportation of students, to school district layoff
3 plans, to the special education service agency, to the child care grant program,
4 and to compulsory attendance in public schools; and providing for an effective
5 date."

6 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 * **Section 1.** PURPOSE OF SECTION 2. The purpose of sec. 2 of this Act is to provide
8 a level of funding through the public school funding program that allows for an equitable level
9 of educational opportunities and outcomes for those students attending the public schools of
10 the state, to promote local decision-making, and, through increased control of funding, to
11 provide more local responsibility and accountability for decisions affecting public schools.

12 * **Sec. 2.** AS 14.17 is amended by adding new sections to read:

13 **Article 1. State Funding to Public Schools.**

1 **Sec. 14.17.300. Public school account.** (a) The public school account is
2 established. The account consists of appropriations for distribution to school districts,
3 the state boarding school, and for the centralized correspondence study program under
4 this chapter.

5 (b) The money in the account may be used only in aid of public schools,
6 including community school programs, and for centralized correspondence study
7 programs under this chapter.

8 **Sec. 14.17.400. State funding for districts.** (a) The state funding for which
9 a school district is eligible in a fiscal year is equal to the amount for which a district
10 qualifies under AS 14.17.410 (equalization funding).

11 (b) If the amount in the public school account (AS 14.17.300) is insufficient
12 to meet the amounts authorized under (a) of this section for a fiscal year, the
13 department shall reduce pro rata the state share of equalization funding for which
14 districts are eligible by the necessary percentage as determined by the department. If
15 the state share of equalization funding is reduced under this subsection, the department
16 shall also reduce state funding for centralized correspondence study and the state
17 boarding school by the same percentage.

18 **Sec. 14.17.410. Equalization funding.** (a) A district is eligible for
19 equalization funding in an amount equal to the sum calculated under this section.

20 (b) Except as provided in (d) of this section, equalization funding consists of
21 a state share and a local contribution, determined as follows:

22 (1) the state share equals need minus local contribution; need equals
23 the district adjusted ADM, multiplied by the base student allocation set out at
24 AS 14.17.475, plus any intensive services funding for which the district qualifies under
25 AS 14.17.420(a)(2); district adjusted ADM is calculated as follows:

26 (A) the ADM of a funding community is multiplied by the
27 funding community size factor set out in AS 14.17.460;

28 (B) the product obtained under (A) of this paragraph is
29 multiplied by the funding community area cost factor described in
30 AS 14.17.470(a) and set out in regulations adopted by the department;

31 (C) if a funding community is the only funding community in

1 a district with an ADM of 900 or less, the product obtained under (B) of this
2 paragraph is multiplied by the appropriate factor set out in AS 14.17.460(b);

3 (D) the ADMs of each funding community in a district, as
4 adjusted according to (A) - (C) of this paragraph, are added; the sum is then
5 multiplied by the special needs factor set out in AS 14.17.420(a)(1);

6 (E) the product obtained under (D) of this paragraph is
7 multiplied by a district's student transportation factor described in
8 AS 14.17.470(b) and set out in regulations by the department; the resulting
9 product is the district's adjusted ADM;

10 (2) for the fiscal year beginning July 1, 1997, the local contribution is
11 the equivalent of a three mill tax levy on the full and true value of the taxable real and
12 personal property in the district as of January 1 of the second preceding fiscal year,
13 as determined by the Department of Community and Regional Affairs under
14 AS 14.17.510 and AS 29.45.110, not to exceed 35 percent of a district's need as
15 determined under (1) of this subsection for the preceding fiscal year; for the fiscal year
16 beginning July 1, 1998, and subsequent fiscal years, the required mill equivalent shall
17 be increased by one-fourth of a mill each year until the local contribution is the
18 equivalent of a four mill tax levy, but, in each year, a district's local contribution may
19 not exceed 35 percent of the district's need for the preceding fiscal year, as determined
20 under (1) of this subsection.

21 (c) Equalization funding may not be provided to a city or borough school
22 district if the local contributions required under (b) of this section have not been made.

23 (d) In a regional educational attendance area, funding consists of need,
24 calculated under (b)(1) of this section for that regional educational attendance area.

25 **Sec. 14.17.420. Special needs and intensive services funding.** (a) As a
26 component of equalization funding, a district is eligible for special needs funding and
27 may be eligible for intensive services funding as follows:

28 (1) special needs funding is available to a district to assist the district
29 in providing special education, gifted and talented education, vocational education, and
30 bilingual education to its students; a special needs funding factor of 1.20 shall be
31 applied as set out in AS 14.17.410(b)(1);

1 (2) in addition to the special needs funding for which a district is
2 eligible under (1) of this subsection, a district is eligible for intensive services funding
3 for each special education student who needs and receives intensive services and is
4 enrolled on the last day of the count period; for each such student, intensive services
5 funding is equal to \$22,500 multiplied by the area cost factor of the funding
6 community in which the student is enrolled.

7 (b) In this section, "intensive services" has the meaning given by the
8 department by regulation adopted under AS 14.30.180 - 14.30.350.

9 **Sec. 14.17.430. State funding for centralized correspondence study.** Except
10 as provided in AS 14.17.400(b), funding for the state centralized correspondence study
11 program includes an allocation from the public school account (AS 14.17.300) in an
12 amount calculated by multiplying the ADM of the correspondence program by the base
13 student allocation and multiplying that product by 65 percent.

14 **Sec. 14.17.435. State funding for state boarding school.** Except as provided
15 in AS 14.17.400(b), funding for the state boarding school established under
16 AS 14.16.010 includes an allocation from the public school account (AS 14.17.300)
17 in an amount calculated by multiplying the ADM of the state boarding school by the
18 special needs factor in AS 14.17.420(a)(1) and multiplying that product by the base
19 student allocation. The state boarding school is also eligible for intensive services
20 funding under AS 14.17.420(a)(2).

21 **Sec. 14.17.440. Local contribution.** (a) The required local contribution to
22 a city or borough school district is a district's local contribution as calculated
23 according to AS 14.17.410(b)(2).

24 (b) Nothing in this section prohibits a city or borough from contributing to its
25 district amounts in excess of the local contribution required under this section if the
26 local contribution is also in compliance with federal law.

27 **Sec. 14.17.450. Funding communities.** The department shall adopt
28 regulations defining funding communities within each district that reflect geographic
29 and attendance area factors. The regulations may not allow for funding communities
30 smaller than 10 ADM.

31 **Sec. 14.17.460. Funding community size factor.** (a) For purposes of

1 calculating a district's adjusted ADM to determine equalization funding, the ADM of
 2 each funding community in a district shall be multiplied by a funding community size
 3 factor as set out in the following table:

4	ADM	Funding Community Size Factor
5	10 - 20	2.75
6	21 - 40	2.20
7	41 - 80	1.90
8	81 - 160	1.55
9	161 - 400	1.40
10	401 - 1,000	1.10
11	over 1,000	1.00.

12 (b) For a district that consists of one funding community with an ADM of 900
 13 or less, the district ADM shall be multiplied according to AS 14.17.410(b)(1) by the
 14 appropriate factor as set out in the following table:

15	ADM	Factor
16	1 - 250	1.12
17	251 - 525	1.08
18	526 - 900	1.06

19 **Sec. 14.17.470. Area cost and transportation factors.** (a) For purposes of
 20 calculating a district's adjusted ADM under AS 14.17.410(b)(1), the department shall
 21 adopt in regulation an area cost factor for each funding community. In adopting the
 22 regulations, the department shall consider factors that affect the cost of providing
 23 public educational services in a funding community, including student transportation.

24 (b) For purposes of calculating a district's adjusted ADM under
 25 AS 14.17.410(b)(1), the department shall adopt by regulation a transportation factor
 26 for each district.

27 **Sec. 14.17.475. Base student allocation.** The base student allocation is
 28 \$3,890.

29 **Article 2. Preparation of Public School Funding Budget.**

30 **Sec. 14.17.500. Student count estimate.** (a) A district shall prepare and
 31 submit to the department by October 15 of each fiscal year, in the manner and on

1 forms prescribed by the department, an estimate of its ADM and other student count
 2 data for the succeeding fiscal year upon which computations can be made to estimate
 3 the amount of public school funding for which the district may be eligible under
 4 AS 14.17.400 in the succeeding fiscal year. In making its report, the district shall
 5 consider its ADM, other student count data, the pattern of growth or decline of the
 6 student population in preceding years, and other pertinent information available to the
 7 district.

8 (b) Part-time students and district correspondence students shall be included
 9 in the student count data in accordance with regulations adopted by the department.

10 **Sec. 14.17.505. Fund balance in school operating fund.** (a) A district may
 11 not accumulate in a fiscal year an unreserved portion of its year-end fund balance in
 12 its school operating fund, as defined by department regulations, that is greater than 10
 13 percent of its expenditures for that fiscal year.

14 (b) The department shall review each district's annual audit under AS 14.14.050
 15 for the preceding fiscal year to ascertain its year-end operating fund balance. The
 16 amount by which the unreserved portion of that balance exceeds the amount permitted
 17 in (a) of this section shall be deducted from the public school funding that would
 18 otherwise be paid to the district in the current fiscal year.

19 **Sec. 14.17.510. Determination of full and true value by Department of**
 20 **Community and Regional Affairs.** (a) To determine the amount of required local
 21 contribution under AS 14.17.440 and to aid the department and the legislature in
 22 planning, the Department of Community and Regional Affairs, in consultation with the
 23 assessor for each district in a city or borough, shall determine the full and true value
 24 of the taxable real and personal property in each district in a city or borough. If there
 25 is no local assessor or current local assessment for a city or borough school district,
 26 then the Department of Community and Regional Affairs shall make the determination
 27 of full and true value from information available. In making the determination, the
 28 Department of Community and Regional Affairs shall be guided by AS 29.45.110.
 29 The determination of full and true value shall be made by October 1 and sent by
 30 certified mail, return receipt requested, on or before that date to the president of the
 31 school board in each city or borough school district. Duplicate copies shall be sent to

1 the commissioner. The governing body of a city or borough that is a school district
 2 may obtain judicial review of the determination. The superior court may modify the
 3 determination of the Department of Community and Regional Affairs only upon a
 4 finding of abuse of discretion or upon a finding that there is no substantial evidence
 5 to support the determination.

6 (b) Motor vehicles subject to the motor vehicle registration tax under
 7 AS 28.10.431 shall be treated as taxable property under this section.

8 **Sec. 14.17.520. Minimum expenditure for instruction.** (a) A district shall
 9 budget for and spend a minimum of 60 percent of its school operating expenditures in
 10 each fiscal year on the instructional component of the district budget.

11 (b) The commissioner shall reject a district budget that does not comply with
 12 (a) of this section and, unless a waiver has been granted by the board under (d) of this
 13 section, shall withhold payments of state aid from that district, beginning with the
 14 payment for the second full month after rejection and continuing until the school board
 15 of the district revises the district budget to comply with (a) of this section.

16 (c) The commissioner shall review the annual audit of each district for
 17 compliance with the expenditure requirements of (a) of this section. If the
 18 commissioner determines that a district does not meet those requirements, the
 19 commissioner shall advise the district of the determination and calculate the percentage
 20 of deficiency in required expenditure and deduct that percentage from state aid paid
 21 to the district for the current fiscal year, beginning with the payment for the second
 22 full month after the determination, unless a waiver has been granted by the board
 23 under (d) of this section.

24 (d) A district that has been determined by the commissioner to be out of
 25 compliance with the requirements of this section may, within 20 days of the
 26 commissioner's determination, request a waiver by the board of the imposition by the
 27 commissioner of any reduction in state aid payments under (b) or (c) of this section.
 28 The request must be submitted to the Legislative Budget and Audit Committee and
 29 must be in writing and include an analysis of the reasons and causes for the district's
 30 inability to comply with the requirements of this section. The Legislative Budget and
 31 Audit Committee shall review the district's request and forward it, along with the

1 committee's recommendations on it, to the board, which shall either grant or deny the
2 waiver.

3 (e) The commissioner shall submit an annual report on actions taken by the
4 commissioner or the board under this section to the Legislative Budget and Audit
5 Committee by April 15 of each year.

6 **Article 3. Procedure for Payments of Public School Funding.**

7 **Sec. 14.17.600. Student counting periods.** (a) Within two weeks after the
8 end of the 20-school-day period ending the fourth Friday in October, each district shall
9 transmit a report to the department that, under regulations adopted by the department,
10 reports its ADM for that counting period and other student count information that will
11 aid the department in making a determination of its state aid under the public school
12 funding program. If it makes the district eligible for more state aid under the program,
13 a district may transmit, within two weeks after the 20-school-day period ending the
14 second Friday in February, a similar report for that counting period. For centralized
15 correspondence study, the October report shall be based on the period from July 1
16 through the fourth Friday in October, except that summer school students shall be
17 counted as a proportionate fraction as determined by the department. The department
18 may make necessary corrections in the report submitted and shall notify the district of
19 changes made. The commissioner shall notify the governor of additional
20 appropriations the commissioner estimates to be necessary to fully finance the public
21 school funding program for the current fiscal year.

22 (b) Upon written request and for good cause shown, the commissioner may
23 permit a district to use a 20-school-day counting period other than the periods set out
24 in (a) of this section. However, a counting period approved under this subsection must
25 be 20 consecutive school days unless one or more alternate counting periods are
26 necessary to permit a district to implement flexible scheduling that meets the district's
27 needs and goals without jeopardizing the public school funding for which the district
28 would be ordinarily be eligible under this chapter.

29 **Sec. 14.17.610. Distribution of public school funding.** (a) The department
30 shall determine the public school funding for each school district in a fiscal year on
31 the basis of the district's student count data reported under AS 14.17.600. On or

1 before the 15th day of each of the first nine months of each fiscal year, one-twelfth
 2 of each district's public school funding shall be distributed on the basis of the data
 3 reported for the preceding fiscal year. On or before the 15th day of each of the last
 4 three months of each fiscal year, one-third of the balance of each district's public
 5 school funding shall be distributed, after the balance has been recomputed on the basis
 6 of student count and other data reported for the current fiscal year.

7 (b) If a district receives more public school funding than it is entitled to
 8 receive under this chapter, the district shall immediately remit the amount of
 9 overpayment to the commissioner, to be returned to the public school account
 10 (AS 14.17.300).

11 (c) Upon an adequate showing of a cash flow shortfall of a district, and in the
 12 discretion of the commissioner, the department may make advance payments to a
 13 district. The total of advance payments may not exceed the amount of public school
 14 funding for which the district is eligible for the fiscal year.

15 **Article 4. General Provisions.**

16 **Sec. 14.17.900. Construction and implementation of chapter.** (a) This
 17 chapter does not create a debt of the state. Each district shall establish, maintain, and
 18 operate under a balanced budget. The state is not responsible for the debts of a school
 19 district.

20 (b) Money to carry out the provisions of this chapter may be appropriated
 21 annually by the legislature into the public school account (AS 14.17.300). If the
 22 amount in the account is insufficient to meet the allocations authorized under
 23 AS 14.17.400 - 14.17.475 for a fiscal year, public school funding shall be reduced
 24 according to AS 14.17.400(b).

25 **Sec. 14.17.910. Restrictions governing receipt and expenditure of district**
 26 **money.** (a) Each district shall maintain complete financial records of the receipt and
 27 disbursement of public school funding, money acquired from local effort, and other
 28 money received or held by the district. The records must be in the form required by
 29 the department and are subject to audit by the department at a time and place
 30 designated by the department.

31 (b) Public school funding provided under this chapter is for general operational

1 purposes of the district. All district money, including public school funding, shall be
 2 received, held, allocated, and expended by the district under applicable local law and
 3 state and federal constitutional provisions, statutes, and regulations, including those
 4 related to ethical standards and accounting principles.

5 **Sec. 14.17.920. Regulations.** The department shall adopt regulations to
 6 interpret and implement this chapter.

7 **Sec. 14.17.990. Definitions.** In this chapter, unless the context requires
 8 otherwise,

9 (1) "ADM or average daily membership" means the aggregate number
 10 of full-time equivalent students enrolled in a funding community during the student
 11 count period for which a determination is being made, divided by the actual number
 12 of days that school is in session for the student count period for which the
 13 determination is being made;

14 (2) "district" means a city or borough school district or a regional
 15 educational attendance area;

16 (3) "district adjusted ADM" means the number resulting from the
 17 calculations under AS 14.17.410(b)(1);

18 (4) "district ADM" means the sum of the ADMs in a district;

19 (5) "local contribution" means appropriations and the value of in-kind
 20 services made by a city or borough to its district;

21 (6) "public school funding" means money provided under the public
 22 school funding program established in this chapter;

23 (7) "taxable real and personal property" means all real and personal
 24 property taxable under the laws of the state.

25 * **Sec. 3.** AS 14.03.120(g) is amended to read:

26 (g) In this section, "district" has the meaning given in AS 14.17.990
 27 [AS 14.17.250].

28 * **Sec. 4.** AS 14.03.125(e) is amended to read:

29 (e) In this section, "district" has the meaning given in AS 14.17.990
 30 [AS 14.17.250].

31 * **Sec. 5.** AS 14.03.150(c) is amended to read:

1 (c) The department may not award a school construction or major maintenance
 2 grant under AS 14.11 to a municipality that is a school district or a regional
 3 educational attendance area that is not in compliance with (a) of this section. The
 4 department shall reduce the amount of **public school funding** [STATE FOUNDATION
 5 AID] under **AS 14.17.400** [AS 14.17.021] for which a school district may qualify [,]
 6 by the amount, if any, paid by the department under (b) of this section.

7 * **Sec. 6.** AS 14.03.160(f)(2) is amended to read:

8 (2) "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

9 * **Sec. 7.** AS 14.03.260(c) is amended to read:

10 (c) The charter school shall provide the financial and accounting information
 11 requested by the local school board or the Department of Education [,] and shall
 12 cooperate with the local school district or the department in complying with the
 13 requirements of **AS 14.17.910** [AS 14.17.190].

14 * **Sec. 8.** AS 14.09.010 is repealed and reenacted to read:

15 **Sec. 14.09.010. Transportation of students.** (a) A district may provide for
 16 the transportation of students.

17 (b) A district that provides for the transportation of students is eligible for
 18 adjustments in public school funding as set out in AS 14.17.470(b).

19 (c) A district that provides for the transportation of students may determine
 20 and establish a system for the transportation of students to address needs and priorities
 21 of the district. However, the district shall comply with applicable statutes, regulations,
 22 and local laws related to minimum standards for school buses, school bus driver
 23 training courses, certification of course instructors, certification of bus drivers, and
 24 other safety concerns related to the transportation of students.

25 * **Sec. 9.** AS 14.11.008(b) is amended to read:

26 (b) The required participating share for a municipal school district is based on
 27 the district's full value per **average daily membership (ADM)**, which is calculated
 28 by dividing the full and true value of the taxable real and personal property in the
 29 district, calculated as described in **AS 14.17.510** [AS 14.17.025(a)(1),] by the district
 30 **ADM** [AVERAGE DAILY MEMBERSHIP (ADM)] as defined in **AS 14.17.990**
 31 [AS 14.17.250], for the same fiscal year for which the valuation was made. The

1 municipal district's full value per ADM determines the district's required participating
2 share, as follows:

3 Full Value Per ADM	District Participating Share
4 \$1 - \$100,000	5 percent
5 100,001 - 200,000	10 percent
6 200,001 - 600,000	30 percent
7 over 600,000	35 percent.

8 * **Sec. 10.** AS 14.14.115(c)(2) is amended to read:

9 (2) "district" has the meaning given in **AS 14.17.990** [AS 14.17.250].

10 * **Sec. 11.** AS 14.16.050(a)(2) is amended to read:

11 (2) requirements relating to **the public school funding program**
12 [STATE FINANCIAL ASSISTANCE FOR EDUCATION] and the receipt and
13 expenditure of that **funding** [ASSISTANCE]:

14 (A) **AS 14.17.500** [AS 14.17.080] (relating to student count
15 estimates);

16 (B) **AS 14.17.505** [AS 14.17.082] (relating to school operating
17 fund balances);

18 (C) **AS 14.17.500 - 14.17.910** [AS 14.17.160 - 14.17.220]
19 (setting out the procedure for payment of **public school funding** [FINANCIAL
20 ASSISTANCE,] and imposing general requirements and limits on money paid);

21 * **Sec. 12.** AS 14.16.080(a) is amended to read:

22 (a) **AS 14.17.435** [AS 14.17.024] applies to the calculation of **public school**
23 **funding** [STATE AID] payable for operation of the state boarding school.

24 * **Sec. 13.** AS 14.20.177(a) is amended to read:

25 (a) A school district may implement a layoff plan under this section if it is
26 necessary for the district to reduce the number of tenured teachers because

27 (1) school attendance in the district has decreased; [OR]

28 (2) the [BASIC] need of the school district determined under
29 **AS 14.17.410(b)(1)** [AS 14.17.021(b) AND ADJUSTED UNDER AS 14.17.225(b)]
30 decreases by three percent or more from the previous year; **or**

31 **(3) the state share of equalization funding is reduced under**

1 AS 14.17.400(b) by three percent or more in a fiscal year.

2 * **Sec. 14.** AS 14.30.305 is amended to read:

3 **Sec. 14.30.305. State support of programs for children hospitalized or**
 4 **confined to their homes.** A child who is hospitalized or confined to home and who
 5 receives at least 10 hours of special education and related services per week may be
 6 counted as a pupil in average daily membership when computing state support under
 7 the public school **funding** [FOUNDATION] program.

8 * **Sec. 15.** AS 14.30.315(a) is amended to read:

9 (a) To be eligible for state support under the public school **funding**
 10 [FOUNDATION] program, special education and related services for gifted children
 11 must be provided in a program that has been approved in advance by the department.

12 * **Sec. 16.** AS 14.30.347 is amended to read:

13 **Sec. 14.30.347. Transportation of exceptional children.** When transportation
 14 is required to be provided as related services, **an** exceptional **child** [CHILDREN] shall
 15 be carried with other children **if the district provides transportation to other**
 16 **children in the district** [,] except when the nature of **the** [THEIR] physical or mental
 17 **disability** [DISABILITIES] is such that it is in the best interest of the exceptional
 18 **child** [CHILDREN], as determined by the school district, that **the child** [THEY] be
 19 transported separately. **A district is responsible for the costs associated with**
 20 **providing transportation as a related service to an exceptional child** [STATE
 21 REIMBURSEMENT FOR TRANSPORTATION OF EXCEPTIONAL CHILDREN
 22 SHALL BE AS PROVIDED FOR TRANSPORTATION OF ALL OTHER PUPILS
 23 EXCEPT THAT ELIGIBILITY FOR REIMBURSEMENT IS NOT SUBJECT TO
 24 RESTRICTION BASED ON THE MINIMUM DISTANCE BETWEEN THE
 25 SCHOOL AND THE RESIDENCE OF THE EXCEPTIONAL CHILD].

26 * **Sec. 17.** AS 14.30.650 is repealed and reenacted to read:

27 **Sec. 14.30.650. Funding.** (a) Subject to legislative appropriation, each fiscal
 28 year the department may allocate to the agency an amount equal to 18 percent of the
 29 unadjusted statewide ADM multiplied by \$85.

30 (b) In this section, "statewide ADM" means the sum of all district ADMs in
 31 the state as calculated under AS 14.17.

1 * **Sec. 18.** AS 14.36.030(a) is amended to read:

2 (a) A district operating a community school program under an approved plan
 3 of operation may receive an annual grant from the state of one-half of one percent of
 4 its public school **funding** [FOUNDATION SUPPORT] or \$10,000, whichever is
 5 greater.

6 * **Sec. 19.** AS 29.45.020(a) is amended to read:

7 (a) If a municipality levies and collects property taxes, the governing body
 8 shall provide the following notice:

9 "NOTICE TO TAXPAYER

10 For the current fiscal year the (city)(borough) has been allocated the
 11 following amount of state aid for school and municipal purposes under
 12 the applicable financial assistance Acts:

13 **PUBLIC SCHOOL FUNDING PROGRAM**

14 [PUBLIC SCHOOL FOUNDATION	
15 PROGRAM ASSISTANCE] (AS 14.17)	\$
16 STATE AID FOR RETIREMENT OF	
17 SCHOOL CONSTRUCTION DEBT	
18 (AS 14.11.100)	\$
19 MUNICIPAL TAX RESOURCE	
20 EQUALIZATION ASSISTANCE	
21 (AS 29.60.010 - 29.60.080)	\$
22 STATE AID FOR MISCELLANEOUS	
23 MUNICIPAL SERVICES	
24 (AS 29.60.010 - 29.60.180)	\$
25 TOTAL AID	\$

26 The millage equivalent of this state aid, based on the dollar
 27 value of a mill in the municipality during the current assessment
 28 year and for the preceding assessment year, is:

	MILLAGE EQUIVALENT
	PREVIOUS YEAR THIS YEAR

31 **PUBLIC SCHOOL FUNDING**

1	<u>PROGRAM</u> [PUBLIC SCHOOL		
2	FOUNDATION PROGRAM		
3	ASSISTANCE]	....MILLS	....MILLS
4	STATE AID FOR RETIREMENT		
5	OF SCHOOL CONSTRUCTION DEBT	....MILLS	....MILLS
6	MUNICIPAL TAX RESOURCE		
7	EQUALIZATION ASSISTANCE	....MILLS	....MILLS
8	STATE AID FOR MISCELLANEOUS		
9	MUNICIPAL SERVICES	....MILLS	....MILLS
10	TOTAL MILLAGE EQUIVALENT	....MILLS	....MILLS"

11 Notice shall be provided **by**

12 (1) [BY] furnishing a copy of the notice with tax statements mailed for
13 the fiscal year for which aid is received; or

14 (2) [BY] publishing in a newspaper of general circulation in the
15 municipality a copy of the notice once each week for a period of three successive
16 weeks, with publication to occur not later than 45 days after the final adoption of the
17 municipality's budget.

18 * **Sec. 20.** AS 29.60.030(d) is amended to read:

19 (d) The full and true assessed property value shall be determined by the
20 department in the manner provided for the computation of state aid to education under
21 **AS 14.17.510** [AS 14.17.140]. When the determination of locally generated revenue
22 includes revenue of a utility received under AS 29.60.010(c)(1)(E), the full and true
23 assessed property value must include the computed assessed value of the utility,
24 determined by dividing the amount of the payment in place of taxes made by the
25 utility by the millage rate that would apply to the utility if the utility were subject to
26 levy and collection of taxes under AS 29.45.

27 * **Sec. 21.** AS 36.10.090(b) is amended to read:

28 (b) A local government or school district covered by the provisions of this
29 chapter that is found to be in violation of these provisions may be required to forfeit
30 all or part of the state aid made available for the project in which the violation occurs
31 and in addition may be denied up to 12 months of state revenue sharing or public

1 school **funding** [FOUNDATION MONEY]. A state department or agency head found
 2 to be in violation of this chapter may be required to forfeit the position of department
 3 or agency head.

4 * **Sec. 22.** AS 36.10.125(c) is amended to read:

5 (c) In an action brought under (b) of this section, the court may, in its
 6 discretion, order denial of state revenue sharing or public school **funding**
 7 [FOUNDATION MONEY], forfeiture of office or position, or injunctive or other
 8 relief. If the court finds for the plaintiff in an action brought under (b) of this section,
 9 it may award the plaintiff an amount equal to the actual costs and attorney fees
 10 incurred by the plaintiff.

11 * **Sec. 23.** AS 44.47.305(c) is amended to read:

12 (c) A grant under (a) of this section may not exceed \$50 per month for each
 13 child the child care facility cares for, or for each full-time equivalent, as determined
 14 by the department. The grant shall be adjusted on a geographic basis by the same
 15 percentages as **funding communities** [INSTRUCTIONAL UNIT ALLOTMENTS] are
 16 adjusted under **AS 14.17.470** [AS 14.17.051].

17 * **Sec. 24.** AS 14.09.020; AS 14.17.010, 14.17.021, 14.17.022, 14.17.024, 14.17.025,
 18 14.17.026, 14.17.031, 14.17.041, 14.17.043, 14.17.045, 14.17.047, 14.17.051, 14.17.056,
 19 14.17.080, 14.17.082, 14.17.140, 14.17.160, 14.17.170, 14.17.190, 14.17.200, 14.17.210,
 20 14.17.220, 14.17.225, 14.17.250; and AS 14.30.010(b)(7) are repealed.

21 * **Sec. 25.** TRANSITION: AREA COST FACTORS. (a) Notwithstanding AS 14.17.470,
 22 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1997, and July 1, 1998,
 23 and for the purposes of calculating public school funding under AS 14.17, as enacted by sec. 2
 24 of this Act, the area cost factor of a funding community of a school district is as follows:

25	DISTRICT	FUNDING COMMUNITY	AREA COST FACTOR
26	Alaska Gateway	Alcan Border	1.14
27	Alaska Gateway	Dot Lake	1.14
28	Alaska Gateway	Eagle	1.14
29	Alaska Gateway	Mentasta	1.14
30	Alaska Gateway	Northway	1.14
31	Alaska Gateway	Tanacross	1.14

1	Alaska Gateway	Tetlin	1.14
2	Alaska Gateway	Tok	1.14
3	Aleutians East	Akutan	1.32
4	Aleutians East	Cold Bay	1.32
5	Aleutians East	False Pass	1.32
6	Aleutians East	King Cove	1.32
7	Aleutians East	Nelson Lagoon	1.32
8	Aleutians East	Sand Point	1.32
9	Aleutians Region	Atka	1.32
10	Alyeska Central School	Alyeska Central School	1.00
11	Anchorage	Anchorage	1.00
12	Anchorage	Eagle River	1.00
13	Anchorage	Girdwood	1.00
14	Annette Island	Annette	1.05
15	Bering Strait	Brevig Mission	1.40
16	Bering Strait	Diomedes	1.55
17	Bering Strait	Elim	1.40
18	Bering Strait	Gambell	1.55
19	Bering Strait	Golovin	1.40
20	Bering Strait	Koyuk	1.40
21	Bering Strait	Savoonga	1.55
22	Bering Strait	Shaktoolik	1.40
23	Bering Strait	Shishmaref	1.40
24	Bering Strait	St. Michael	1.40
25	Bering Strait	Stebbins	1.40
26	Bering Strait	Teller	1.40
27	Bering Strait	Unalakleet	1.40
28	Bering Strait	Wales	1.40
29	Bering Strait	White Mountain	1.40
30	Bristol Bay	Bristol Bay	1.40
31	Bristol Bay	South Naknek	1.40

1	Chatham	Angoon	1.05
2	Chatham	Cube Cove	1.05
3	Chatham	Elfin Cove	1.05
4	Chatham	Gustavus	1.05
5	Chatham	Hobart Bay	1.05
6	Chatham	Klukwan	1.05
7	Chatham	Tenakee Springs	1.05
8	Chugach	Chenega Bay	1.14
9	Chugach	Icy Bay	1.14
10	Chugach	Tatitlek	1.14
11	Chugach	Whittier	1.05
12	Chugach	Yakataga	1.14
13	Copper River	Chistochina	1.05
14	Copper River	Copper Center	1.05
15	Copper River	Gakona	1.05
16	Copper River	Glennallen	1.05
17	Copper River	Kenny Lake	1.05
18	Copper River	Lottie Sparks	1.05
19	Copper River	Slana	1.05
20	Cordova	Cordova	1.14
21	Craig	Craig	1.05
22	Delta/Greely	Delta Junction	1.14
23	Delta/Greely	Healy Lake	1.14
24	Denali	Anderson	1.14
25	Denali	Cantwell	1.14
26	Denali	Healy	1.14
27	Dillingham	Dillingham	1.32
28	Fairbanks	Eielson	1.00
29	Fairbanks	Fairbanks	1.00
30	Fairbanks	North Pole	1.00
31	Fairbanks	Salcha	1.05

1	Fairbanks	Two Rivers	1.05
2	Galena	Galena	1.32
3	Haines	Haines	1.05
4	Haines	Mosquito Lake	1.05
5	Hoonah	Hoonah	1.05
6	Hydaburg	Hydaburg	1.05
7	Iditarod	Anvik	1.32
8	Iditarod	Grayling	1.32
9	Iditarod	Holy Cross	1.32
10	Iditarod	Lake Minchumina	1.32
11	Iditarod	Lime Village	1.32
12	Iditarod	McGrath	1.32
13	Iditarod	Nikolai	1.32
14	Iditarod	Shageluk	1.32
15	Iditarod	Takotna	1.32
16	Iditarod	Telida	1.32
17	Juneau	Juneau	1.00
18	Kake	Kake	1.05
19	Kashunamiut	Chevak	1.32
20	Kenai Peninsula	Anchor Point	1.00
21	Kenai Peninsula	Cooper Landing	1.00
22	Kenai Peninsula	Homer	1.00
23	Kenai Peninsula	Hope	1.00
24	Kenai Peninsula	Kachemak Selo	1.05
25	Kenai Peninsula	Kasilof	1.00
26	Kenai Peninsula	Kenai	1.00
27	Kenai Peninsula	McNeil Canyon	1.00
28	Kenai Peninsula	Moose Pass	1.00
29	Kenai Peninsula	Nanwalek	1.05
30	Kenai Peninsula	Nikiski	1.00
31	Kenai Peninsula	Nikolaevsk	1.05

1	Kenai Peninsula	Ninilchik	1.00
2	Kenai Peninsula	Port Graham	1.05
3	Kenai Peninsula	Razdolna	1.05
4	Kenai Peninsula	Seldovia	1.05
5	Kenai Peninsula	Seward	1.00
6	Kenai Peninsula	Soldotna	1.00
7	Kenai Peninsula	Sterling	1.00
8	Kenai Peninsula	Tyonek	1.05
9	Kenai Peninsula	Voznesenka	1.05
10	Ketchikan	Ketchikan	1.00
11	Klawock	Klawock	1.05
12	Kodiak Island	Akhiok	1.14
13	Kodiak Island	Big Sandy Lake	1.14
14	Kodiak Island	Chiniak	1.05
15	Kodiak Island	Danger Bay	1.14
16	Kodiak Island	Karluk	1.14
17	Kodiak Island	Kodiak	1.05
18	Kodiak Island	Larsen Bay	1.14
19	Kodiak Island	Old Harbor	1.14
20	Kodiak Island	Ouzinkie	1.14
21	Kodiak Island	Port Lions	1.14
22	Kuspuk	Aniak	1.32
23	Kuspuk	Chuathbaluk	1.32
24	Kuspuk	Crooked Creek	1.32
25	Kuspuk	Lower Kalskag	1.32
26	Kuspuk	Red Devil	1.32
27	Kuspuk	Sleetmute	1.32
28	Kuspuk	Stony River	1.32
29	Kuspuk	Upper Kalskag	1.32
30	Lake and Peninsula	Chignik Bay	1.32
31	Lake and Peninsula	Chignik Lagoon	1.32

1	Lake and Peninsula	Chignik Lake	1.32
2	Lake and Peninsula	Egegik	1.32
3	Lake and Peninsula	Igiugig	1.32
4	Lake and Peninsula	Ivanof Bay	1.32
5	Lake and Peninsula	Kokhanok	1.32
6	Lake and Peninsula	Levelok	1.32
7	Lake and Peninsula	Newhalen	1.32
8	Lake and Peninsula	Nondalton	1.32
9	Lake and Peninsula	Pedro Bay	1.32
10	Lake and Peninsula	Perryville	1.32
11	Lake and Peninsula	Pilot Point	1.32
12	Lake and Peninsula	Port Alsworth	1.32
13	Lake and Peninsula	Port Heiden	1.32
14	Lower Kuskokwim	Akiuk	1.32
15	Lower Kuskokwim	Akula	1.32
16	Lower Kuskokwim	Atmautlauk	1.32
17	Lower Kuskokwim	Bethel	1.32
18	Lower Kuskokwim	Chefornak	1.32
19	Lower Kuskokwim	Eek	1.32
20	Lower Kuskokwim	Goodnews Bay	1.32
21	Lower Kuskokwim	Kipnuk	1.32
22	Lower Kuskokwim	Kongiganak	1.32
23	Lower Kuskokwim	Kwethluk	1.32
24	Lower Kuskokwim	Kwigillingok	1.32
25	Lower Kuskokwim	Mekoryuk	1.40
26	Lower Kuskokwim	Napakiak	1.32
27	Lower Kuskokwim	Napaskiak	1.32
28	Lower Kuskokwim	Newtok	1.32
29	Lower Kuskokwim	Nightmute	1.32
30	Lower Kuskokwim	Nunapitchuk	1.32
31	Lower Kuskokwim	Oscarville	1.32

1	Lower Kuskokwim	Platinum	1.32
2	Lower Kuskokwim	Quinhagak	1.32
3	Lower Kuskokwim	Toksook Bay	1.32
4	Lower Kuskokwim	Tuntutuliak	1.32
5	Lower Kuskokwim	Tununak	1.32
6	Lower Yukon	Alakanak	1.32
7	Lower Yukon	Emmonak	1.32
8	Lower Yukon	Hooper Bay	1.32
9	Lower Yukon	Kotlik	1.32
10	Lower Yukon	Marshall	1.32
11	Lower Yukon	Mountain Village	1.32
12	Lower Yukon	Pilot Station	1.32
13	Lower Yukon	Pitkas Point	1.32
14	Lower Yukon	Russian Mission	1.32
15	Lower Yukon	Scammon Bay	1.32
16	Lower Yukon	Sheldon Point	1.32
17	Mat-Su	Beryozava	1.05
18	Mat-Su	Big Lake	1.00
19	Mat-Su	Butte	1.00
20	Mat-Su	Colony	1.00
21	Mat-Su	Glacier View	1.00
22	Mat-Su	Houston	1.00
23	Mat-Su	Mat-Su Valley	1.00
24	Mat-Su	Palmer	1.00
25	Mat-Su	Pt. McKenzie	1.00
26	Mat-Su	Skwentna	1.05
27	Mat-Su	Sutton	1.00
28	Mat-Su	Talkeetna	1.00
29	Mat-Su	Trapper Creek	1.00
30	Mat-Su	Wasilla	1.00
31	Mat-Su	Willow	1.00

1	Mt. Edgecumbe	Mt. Edgecumbe	1.00
2	Nenana	Nenana	1.14
3	Nome	Nome	1.32
4	North Slope	Anaktuvuk Pass	1.55
5	North Slope	Atqasuk	1.55
6	North Slope	Barrow	1.55
7	North Slope	Kaktovik	1.55
8	North Slope	Nuiqsut	1.55
9	North Slope	Point Hope	1.55
10	North Slope	Point Lay	1.55
11	North Slope	Wainwright	1.55
12	Northwest Arctic	Ambler	1.45
13	Northwest Arctic	Buckland	1.45
14	Northwest Arctic	Deering	1.45
15	Northwest Arctic	Kiana	1.45
16	Northwest Arctic	Kivalina	1.45
17	Northwest Arctic	Kobuk	1.45
18	Northwest Arctic	Kotzebue	1.45
19	Northwest Arctic	Noatak	1.45
20	Northwest Arctic	Noorvik	1.45
21	Northwest Arctic	Selawik	1.45
22	Northwest Arctic	Shungnak	1.45
23	Pelican	Pelican	1.05
24	Petersburg	Petersburg	1.00
25	Pribilof	St. George	1.40
26	Pribilof	St. Paul	1.40
27	Sitka	Sitka	1.00
28	Skagway	Skagway	1.05
29	Southeast Island	Craik	1.05
30	Southeast Island	Edna Bay	1.05
31	Southeast Island	Hollis	1.05

1	Southeast Island	Howard Valentine	1.05
2	Southeast Island	Jr. Gildersleeve	1.05
3	Southeast Island	Kasaan	1.05
4	Southeast Island	Naukati	1.05
5	Southeast Island	Polk Inlet	1.05
6	Southeast Island	Port Alexander	1.05
7	Southeast Island	Port Protection	1.05
8	Southeast Island	Thorne Bay	1.05
9	Southeast Island	Whale Pass	1.05
10	Southwest Region	Aleknagik North	1.32
11	Southwest Region	Clarks Point	1.32
12	Southwest Region	Ekwok	1.32
13	Southwest Region	Koliganek	1.32
14	Southwest Region	Manokotak	1.32
15	Southwest Region	New Stuyahok	1.32
16	Southwest Region	Portage	1.32
17	Southwest Region	Togiak	1.32
18	Southwest Region	Twin Hills	1.32
19	St. Mary's	St. Mary's	1.32
20	Tanana	Tanana	1.40
21	Unalaska	Unalaska	1.32
22	Valdez	Valdez	1.05
23	Wrangell	Wrangell	1.00
24	Yakutat	Yakutat	1.14
25	Yukon Flats	Arctic Village	1.45
26	Yukon Flats	Beaver	1.45
27	Yukon Flats	Birch Creek	1.45
28	Yukon Flats	Central	1.32
29	Yukon Flats	Chalkyitsik	1.45
30	Yukon Flats	Circle	1.32
31	Yukon Flats	Fort Yukon	1.45

1	Yukon Flats	Northern Lights	1.32
2	Yukon Flats	Rampart	1.45
3	Yukon Flats	Stevens Village	1.45
4	Yukon Flats	Venetie	1.45
5	Yukon/Koyukuk	Allakaket	1.40
6	Yukon/Koyukuk	Bettles	1.40
7	Yukon/Koyukuk	Hughes	1.40
8	Yukon/Koyukuk	Huslia	1.40
9	Yukon/Koyukuk	Kaltag	1.40
10	Yukon/Koyukuk	Koyukuk	1.40
11	Yukon/Koyukuk	Manley Hot Springs	1.40
12	Yukon/Koyukuk	Minto	1.32
13	Yukon/Koyukuk	Nulato	1.40
14	Yukon/Koyukuk	Ruby	1.40
15	Yupiit	Akiachak	1.32
16	Yupiit	Akiak	1.32
17	Yupiit	Tuluksak	1.32

18 (b) The Department of Education shall research and report to the governor and the
19 legislature regarding the area costs in the funding communities in the school districts in the
20 state for the public school funding program under AS 14.17, as enacted by sec. 2 of this Act.
21 The department shall submit the report by January 1, 1999.

22 (c) For the period during which the area cost factors set out in (a) of this section serve
23 as the public school funding area cost factors under AS 14.17, as amended by this Act, those
24 area cost factors apply for purposes of geographic adjustments to child care grants under
25 AS 44.47.305(c), as amended by sec. 23 of this Act.

26 * **Sec. 26.** TRANSITION: STUDENT TRANSPORTATION. (a) Notwithstanding
27 AS 14.09.010(b), as repealed and reenacted by sec. 8 of this Act, and AS 14.17.470(b),
28 enacted by sec. 2 of this Act, for the fiscal years beginning July 1, 1997, and July 1, 1998,
29 and for the purposes of calculating public school funding under AS 14.17, as amended by this
30 Act, a school district that provides student transportation shall have its adjusted ADM
31 multiplied by a transportation factor as follows:

	DISTRICT	TRANSPORTATION FACTOR
1		
2	Alaska Gateway	1.07
3	Aleutian Region	1.00
4	Aleutians East	1.01
5	Anchorage	1.04
6	Annette Islands	1.00
7	Bering Strait	1.00
8	Bristol Bay	1.07
9	Chatham	1.00
10	Chugach	1.00
11	Copper River	1.09
12	Cordova	1.01
13	Craig	1.00
14	Delta/Greely	1.10
15	Denali	1.07
16	Dillingham	1.04
17	Fairbanks	1.05
18	Galena	1.02
19	Haines	1.04
20	Hoonah	1.01
21	Hydaburg	1.00
22	Iditarod	1.01
23	Juneau	1.04
24	Kake	1.01
25	Kashunamiut	1.00
26	Kenai Peninsula	1.05
27	Ketchikan	1.04
28	Klawock	1.00
29	Kodiak Island	1.03
30	Kuspuk	1.02
31	Lake and Peninsula	1.02

1	Lower Kuskokwim	1.01
2	Lower Yukon	1.00
3	Mat-Su	1.08
4	Nenana	1.05
5	Nome	1.03
6	North Slope	1.02
7	Northwest Arctic	1.00
8	Pelican	1.00
9	Petersburg	1.02
10	Pribilof	1.00
11	Sitka	1.04
12	Skagway	1.00
13	Southeast Island	1.03
14	Southwest Region	1.02
15	St. Mary's	1.00
16	Tanana	1.01
17	Unalaska	1.03
18	Valdez	1.04
19	Wrangell	1.03
20	Yakutat	1.03
21	Yukon Flats	1.01
22	Yukon/Koyukuk	1.01
23	Yupiit	1.00

24 * **Sec. 27.** TRANSITION: HOLD HARMLESS. (a) Notwithstanding the provisions of
25 secs. 1 - 26 of this Act and except as provided in (c) of this section, if, for a fiscal year
26 beginning July 1, 1997, through July 1, 2000, a school district would receive less public
27 school funding under AS 14.17.410, enacted by sec. 2 of this Act, than the district would have
28 received as state aid for the fiscal year beginning July 1, 1997, and if the district meets the
29 requirements of (b) of this section, the district is eligible to receive instead a percentage of
30 the state aid the district would have received for the fiscal year beginning July 1, 1997,
31 according to the following table:

1	For the fiscal year beginning	Percentage of state aid for the fiscal year
2		beginning July 1, 1997
3	July 1, 1997	100
4	July 1, 1998	80
5	July 1, 1999	60
6	July 1, 2000	40
7	July 1, 2001	20

8 (b) A school district in a city or borough is not entitled to the hold harmless
9 percentage set out in (a) of this section for a fiscal year unless the city or borough makes a
10 local contribution to the district for that fiscal year as required under this subsection. For the
11 hold harmless for the fiscal year beginning July 1, 1997, the required local contribution is the
12 equivalent of a four mill tax levy; for the fiscal year beginning July 1, 1998, the required local
13 contribution is the equivalent of a five mill tax levy; for the fiscal year beginning
14 July 1, 1999, the required local contribution is the equivalent of a six mill tax levy; and for
15 the fiscal year beginning July 1, 2000, the required local contribution is the equivalent of a
16 seven mill tax levy.

17 (c) For the purposes of the reduction required under AS 14.17.400(b), enacted by
18 sec. 2 of this Act, hold harmless funding authorized under (a) and (b) of this section is treated
19 the same as the state share of equalization funding under AS 14.17.410, enacted by sec. 2 of
20 this Act.

21 (d) For purposes of this section, “state aid” means state foundation aid distributed
22 under the provisions of AS 14.17, repealed by this Act, additional district support appropriated
23 by the legislature, and student transportation support reimbursed by the Department of
24 Education.

25 * **Sec. 28.** TRANSITION: REGULATIONS. To the extent the regulations are not
26 inconsistent with the language and purposes of this Act, regulations relating to state aid for
27 public schools adopted by the Department of Education before the effective date of this Act
28 remain in effect as valid regulations implementing this Act; all other regulations relating to
29 state aid for public schools adopted by the Department of Education before the effective date
30 of this Act are annulled. The Department of Education may administer and enforce those
31 previously adopted regulations relating to state foundation aid for public schools.

1 * **Sec. 29.** TRANSITION: BASE STUDENT ALLOCATION. Notwithstanding
2 AS 14.17.475, enacted in sec. 2 of this Act, the base student allocation is as follows:

3	For the fiscal year beginning	Base student allocation
4	1997	\$3,400
5	1998	3,880
6	1999	3,890

7 * **Sec. 30.** This Act takes effect July 1, 1997.